

31 October 2012

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Dear Sir,

Thank-you for the opportunity to respond to your RET Review Discussion Paper. I have again limited my response to areas of particular commercial interest.

| No. | Draft Recommendation | Response |
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| 1 | The preliminary view of the Authority is that the frequency of scheduled scheme reviews be amended from every two years to every four years, so that the next review would be in 2016. | Strongly endorse recommendation |
| 2 | The preliminary view of the Authority is that the form of the target should continue to be expressed in legislation in terms of a fixed gigawatt hour level. | Strongly endorse recommendation |
| 3 | The preliminary view of the Authority is that the existing large-scale renewable target of 41 000 GWh and interim targets should be maintained in their current form. | Strongly endorse recommendation |
| 4 | The preliminary view of the Authority is that the Renewable Energy Target Review in 2016 is an appropriate time to consider adjusting the targets beyond 2020 in light of the policy and economic conditions prevailing at that time. | Strongly endorse recommendation |
| 5 | The preliminary view of the Authority is that the Small-scale Renewable Energy Scheme should remain separate to the Large-scale Renewable Energy Target. | Endorse recommendation |
| 6 | The Authority is continuing to consider whether the threshold for a small-scale solar PV system should be reduced below its current 100 kW limit to for example 10 kW. | Sinovel is of the opinion that one of the key differentiators between the Large and Small scale schemes is deeming. Sinovel is of the opinion that it may be appropriate to include commercially hosted PV systems in the LRET but if so these systems should generate LGCs on the same terms |

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| | | as other generators i.e. post production. Sinovel is of the opinion that if the threshold is to be lowered it should be as an opt in arrangement and the trade-off should be the relinquishment of the right to deem. |
| 7 | The preliminary view of the Authority is that the price cap remain fixed at \$40, to be reassessed once there is some experience of the scheme's operation in the absence of the multiplier. | |
| 8 | The preliminary view of the Authority is that discounting (multipliers of less than one) of the number of certificates to be created in respect of each megawatt hour be provided to allow the Minister to control the cost of the SRES and ensure the subsidy level is appropriate. | |
| 9 | <p>The preliminary view of the Authority is that a decision to apply or lower a discount factor should be applied in the following manner:</p> <ul style="list-style-type: none"> • The Minister should consider whether to lower the discount factor at the time the small-scale technology percentage is set each year. • The Minister's decision should be based on, and proportional to, the following criteria: (i) any reduction in net system costs over the last year; (ii) electricity prices and whether the SRES contribution is greater than 1.5 per cent; and (iii) whether the average payback period of a small-scale system has fallen below ten years. • In making the decision, the Minister must obtain and take into consideration independent data surveys regarding the above criteria. The survey results should be published. • If the Minister decides to lower the discount factor, the Minister should provide reasons regarding the weighting of each element. | |
| 10 | The preliminary view of the Authority is that the clearing house should be amended to a 'deficit sales facility' whereby new certificates may only be placed on the transfer list when | |

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| | the clearing house is in deficit. | |
| 11 | The preliminary view of the Authority is that there should be no changes to the primary point of liability or the size threshold for coverage of grids. | Endorse recommendation |
| 12 | The preliminary view of the Authority is that large electricity consumers should be able to opt in to assume direct liability for Renewable Energy Target obligations. The Authority will consult further with participants and the Clean Energy Regulator on a workable model for opt-in arrangements. | Endorse recommendation |
| 13 | The preliminary view of the Authority is that no changes be made regarding the process for calculating individual liability. | Endorse recommendation |
| 14 | The preliminary view of the Authority is that the renewable power percentage and small-scale technology percentage should be required to be set prior to a compliance year, and preferably by 1 December of the preceding year. | |
| 15 | The preliminary view of the Authority is that the current arrangements for surrender of certificates (annual surrender for the Large-scale Renewable Energy Target; quarterly surrender for the Small-scale Renewable Energy Scheme) should be maintained. | Endorse recommendation |
| 16 | The preliminary view of the Authority is that the current settings for the shortfall charges should be maintained. However, the level of the shortfall charge should be reconsidered by the Authority as part of its 2016 review of RET targets beyond 2020, or earlier if circumstances warrant it. | Sinovel is of the opinion that the shortfall charges should not be touched. The current shortfall charges are demonstrably high enough to stimulate new generation and with technology and scale gains likely to offset the reduction in resource quality over time this likely to always be the case. The argument for stability over change has already been made in regards to other recommendations. |
| 17 | The preliminary view of the Authority is that the level of the emissions-intensive, trade-exposed exemption under the Renewable Energy Target should be considered by the Productivity Commission as part of its broader review of the carbon pricing mechanism Jobs and Competitiveness Program in 2014-15. | Endorse recommendation |

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| 18 | The preliminary view of the Authority is that Partial Exemption Certificates should be tradeable and made usable by any liable entity to reduce liable electricity acquisitions. | Endorse recommendation |
| 19 | The preliminary view of the Authority is that the Commonwealth Government should consider opportunities to align application processes and data requirements for the Jobs and Competitiveness Program and Renewable Energy Target as closely as possible. | Endorse recommendation |
| 20 | The preliminary view of the Authority is that there is no strong case for the exemption from liability under the Renewable Energy Target for self-generation, and that the exemption should be removed for new self-generation (but retained for existing self-generators). | Endorse recommendation |
| 21 | The preliminary view of the Authority is that no change is necessary to the accreditation process for LRET. | Endorse recommendation |
| 22 | The preliminary view of the Authority is that existing arrangements for waste coal mine gas should be maintained. | Endorse recommendation |
| 23 | The preliminary view of the Authority is that there should be no change to the <i>REE Act</i> to allow for new waste coal mine gas to be eligible. | Strongly endorse recommendation |
| 24 | The preliminary view of the Authority is that without a clear process for ensuring that inclusion of wood waste from native forests would be ecologically sustainable that it should not be reintroduced to the RET. | Strongly endorse recommendation |
| 25 | The preliminary view of the Authority is that new small scale technologies should be considered on a case by case basis for inclusion in the SRES. | |
| 26 | The Authority notes that at this time there are no additional new small scale technologies that should be made eligible in the SRES. | |
| 27 | The preliminary view of the Authority is that existing arrangements for displacement technologies should be maintained. | |

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| 28 | The preliminary view of the Authority is that no change should be made to the <i>REE Act</i> to allow additional displacement technologies. | |
| 29 | The preliminary view of the Authority is that no change should be made to the Renewable Energy Target framework to promote diversity. | Strongly endorse recommendation |
| 30 | The preliminary view of the Authority is that the small-scale accreditation system should be open to accreditation bodies other than the Clean Energy Council. Provision should be made for the Clean Energy Regulator to develop a regime to approve accreditation bodies. | |
| 31 | The preliminary view of the Authority is that wind and hydro products should require accreditation to be eligible to create certificates. | |
| 32 | The preliminary view of the Authority is that the existing deeming arrangements remain appropriate. | |
| 33 | The Authority is continuing to consider whether, in conjunction with any reduction in the threshold for a small-scale solar photovoltaic system below 100 kilowatts, any shortening of the deeming period for larger sized units would be appropriate. | Sinovel is of the opinion that if the threshold is to be lowered it should be as an opt in arrangement and the trade-off should be the relinquishment of the right to deem. |
| 34 | The preliminary view of the Authority is that the requirement to submit a solar water heater and small generation unit return should be removed from the <i>Renewable Energy (Electricity) Act 2000 (Cth)</i> . | |
| 35 | The preliminary view of the Authority is that the requirement to provide the out-of-pocket expense data for a small generation unit installation should be removed from the <i>Renewable Energy (Electricity) Act 2000 (Cth)</i> . | |